MontLake

Giano UCITS Fund

Long/Short Equity

April 2020

Performance Returns

The Giano UCITS Fund (EUR Class R Pooled Shares) returned 1.8% for April.

Investment Objective & Strategy

Giano Capital is a long-short equity fund that thrives on innovation by delivering quality investment propositions through highly experienced individuals and machine learning methodologies. The fund vigorously pursues and thrives on innovation; focusing on the integration of new machine learning technology. We have a highly experienced team centred on finding equity opportunities utilising tools that improve the productivity of the investment process, allowing us to identify a greater number of opportunities whilst being more objective and disciplined.

Effective and efficient automation of parts of the investment process, where possible utilising the learning methodologies of the "machine" are used to make quality investment decisions quickly and objectively, complementing the subjective experience of the fund manager.

Monthly Commentary

The S&P closed up 12.7% and the Eurostoxx up 6.2%.

Best sectors in Europe were Autos and Travel&Leisure; worst Oil&Gas and Utilities.

Policymakers have responded aggressively to the recession caused by the Covid-19 outbreak. A wide range of tax and spending policies are going to give global GDP a larger impulse than delivered in the 2008 crisis. G4 Central Banks balance sheets are projected to increase nearly three times as much as during the Global Financial Crisis of 07-09.

(Monthly Commentary Continued on page 2)

UCITS Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2020	-0.8	-3.1	4.3%	1.8%									2.1%
2019	-2.0%	-5.5%	1.5%	-1.2%	-0.9%	-4.4%	-1.6%	1.8%	2.1%	1.8%	-2.6%	0.8%	-10.1%
2018	-	-	-	-	-	-	1.0%*	-2.8%	-2.2%	-2.9%	-2.6%	0.3%	-9.1%

The performance figures quoted above represent the performance of the Giano UCITS Fund since launch on the 11th of July 2018. These performance figures refer to the past and past performance is not a reliable guide to future performance.

Odey Giano UCITS Fund Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2018	4.9%	3.4%	-0.7%	2.5%	4.1%	1.4%	0.8%						17.4%
2017	-0.1%	-0.4%	-0.7%	1.1%	2.0%	1.2%	0.8%	4.8%	3.2%	2.9%	1.1%	-3.0%	13.3%
2016	-2.5%	1.8%	-2.2%	-4.4%	0.9%	-1.5%	0.2%	-1.0%	-0.7%	-4.9%	1.5%	-7.4%	-18.8%
2015	0.7%	-5.6%	2.1%	-2.7%	-1.7%	1.1%	-0.5%	1.0%	0.6%	-0.4%	-0.3%	5.3%	-0.9%
2014	0.9%	3.1%	-4.3%	-4.3%	1.5%	-0.3%	-0.7%	1.7%	2.5%	3.6%	2.3%	1.0%	6.9%
2013	-0.3%	5.0%	4.0%	-3.7%	1.7%	2.9%	-1.5%	-0.2%	0.7%	-0.3%	1.9%	3.4%	14.1%
2012	-0.2%	0.4%	-0.2%	4.8%	3.1%	-2.1%	1.7%	-2.1%	1.2%	-0.4%	0.0%	-2.3%	3.8%
2011	-	-	-	-	-	-	-	-	-	-	-0.1%	-1.8%	-2.0%

The performance figures quoted above represent the performance of the Odey Giano Fund since launch on the 17th November 2011. This fund was merged into the Giano UCITS fund on the 11th July 2018. These performance figures refer to the past and past performance is not a reliable guide to future performance.

The Manager

Quay Partners

Michele Ragazzi

Michele Ragazzi will manage the Fund; an experienced manager of long/short equity funds since 1994, he has outperformed the market whilst providing good capital protection under challenging market conditions for his clients whom, in some cases, have invested with him for 20+ years. Michele is passionate about the need to innovate, increasing product value through technology, penetrating new markets and increasing the value-add for the client. Michele identifies the moments of extreme valuations that may be caused by specific company events or by market capitulations.

Marco Bianchi

Marco Bianchi is a senior Quant formerly with the Bank of England - Marco heads the systematic research team.

Fund Facts

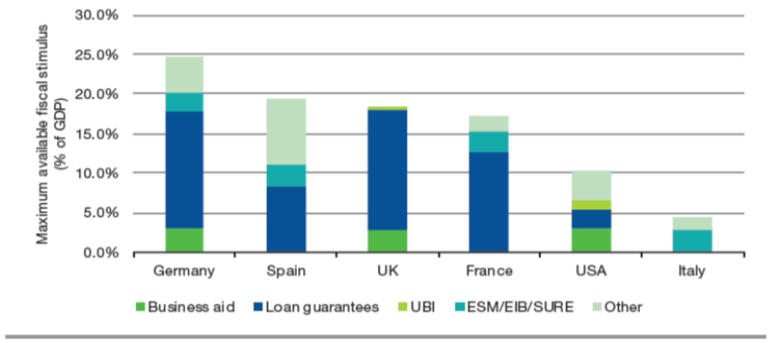
Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	€24million
Strategy AUM	€37 million
Inception	11 July 2018

Share Class	Class M Shares
Currency	EUR/USD/CHF/GBP
Mgt. Fee	0.75%
Perf. Fee	0.00%
Min Init. Sub.	10,000,000
ISIN Codes	EUR: IE00BFX0Y541
	USD: IE00BFX0Y871
	CHF: IE00BFX0Y764
	GBP: IE00BFX0Y657

Share Class	Class R Pooled Shares
Currency	EUR/USD/CHF/GBP
Mgt. Fee	1.25%
Perf. Fee	15.00%
Min Init. Sub.	5,000
ISIN Codes	EUR: IE00BFX0Y988
	USD: IE00BFX0YD20
	CHF: IE00BFX0YC13
	GBP: IE00BFX0YB06

Monthly Commentary cont.

Fiscal Stimulus by country



Source: Liberum, US Department of Treasury, HM Treasury, European Commission

A number of questions are in my mind with only a few answers for now.

Who is going to pay for it? I think it is important to distinguish the type of policy stimulus because it will impact future governments' indebtedness and hence, I believe, who governments will try to make pay for.
The table has not been updated for the measures taken over the last couple of weeks but can give a good idea of the direction of travel.

The USA have responded very differently compared to Germany.

Business aid, universal basic income (UBI), income replacement measures and bailouts will likely never be recovered. Loan guarantees and emergency loans to businesses, on the other hand, are likely to be recovered in the years after the crisis ends.

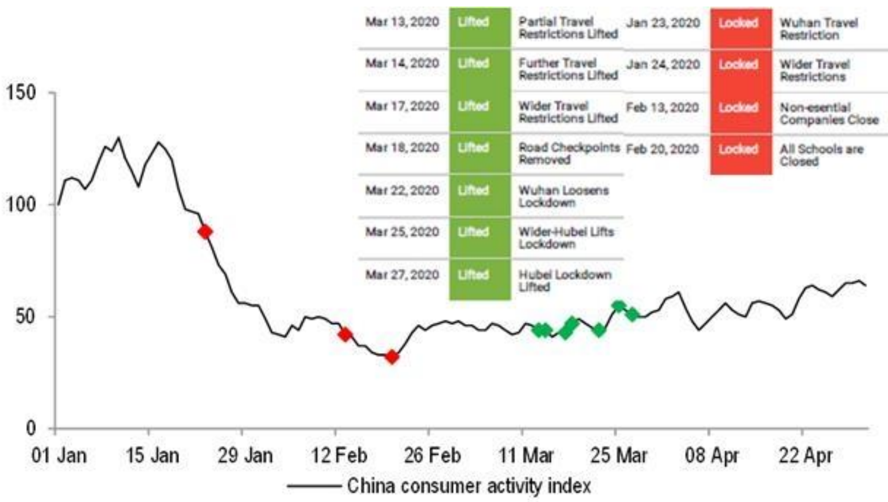
So perhaps the USA are trying to have it paid by bondholders (through lower interest rates) and the external sector (lower dollar) while in Germany is being shared between taxpayers, corporates and bondholders?

Are authorities going to force a higher level of inflation as a way to repay their debt? Or is inflation going to go out of control as a consequence of excessive money printing?

Have we seen the peak of the global supply chain? Is populism and the genuine need to secure locally some (indispensable) goods going to reduce world trade?

Are we going to reopen in a different world? Or is the consumer going back to the same patterns of consumption seen before the crisis and if that is the case by when?

Berkshire Hathaway has sold all its airline holdings, Warren Buffett said that the world has changed. What we know for now is that the Chinese consumer recovery since reopening last March has been very slow.



Monthly Commentary cont.

What is going to be the relationship between governments, corporate sector and workers/general public? We know that the great majority of the improvement in the Return on Equity for many listed companies over a long period of time has been driven solely by the reduction of the tax rate, the pressure on labour cost and the increase in leverage; it would seem unlikely that all of this could continue, however we are already seeing corporate debt being bought by Central Banks and loans being extended to the corporate sector without much discrimination (except corporate size); is it that debt may not be an important factor of discrimination in this recession if the operating performance is stable?
We have seen European authorities forcing banks to cut dividends, what is coming next? We are seeing governments extending credit to the corporate sector and soon we'll see them taking stakes in a lot of listed companies, is this a sequel of the Japanese zombie assets? High debt, low growth, low interest rates, companies not allowed to go bankrupt.

Lack of global leadership and lack of a European leadership are very apparent - and an obvious negative for GDP growth - at times when a unified response was necessary.

As I said a lot of questions, few answers.

It seems to me that the market has two extreme narratives. One where the consumer recovers quickly due to the unprecedented fiscal measures and stocks are going to rerate as a consequence of interest rates that are being forcibly kept low. Another where the USA experiment of very high and increasing Government debt financed by money printing fails and ends up in a dollar crisis.

We don't need to take a view, our strategy is one where we employ the machine to find extremes in valuations and price movements in the environment (ever changing) in which we are moving. The market in April has been taking a sanguine view and is starting to show some extreme signs that should open some trading opportunities on the short side.

Market positioning is not very clear but seems to me neutral to bullish in the circumstances.

We are entering the month of May with an extremely light book being aware of the uncertainties that lie ahead of us both in the short term and in the medium term but mainly as part of a process that imposes the need of a small gross exposure and net directional exposure in recessionary times.

The performance for March and April has been positive in a very challenging environment but I can see that we can do much better with a process that will keep on being improved.

Plus500 warned positively twice during the month of April demonstrating to be an indispensable asset especially at times of market weakness (high volatility). Also the number of new customers and the level of deposits (estimated) is boding very well for the future. The stock remains ridiculously cheap, admittedly, in part due to its very poor governance.

Michele Ragazzi

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